

## Message Text

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ORIGIN OES-06

INFO OCT-01 AF-08 ISO-00 EUR-12 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FEAE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

NRC-05 /114 R

DRAFTED BY OES/NET/IM:DHOYLE

APPROVED BY OES/NET/IM:DHOYLE

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P 051550Z NOV 76

FM SECSTATE WASHDC

TO AMEMBASSY NIAMEY PRIORITY

AMEMBASSY LIBREVILLE PRIORITY

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E.O. 11652: NA

TAGS: TECH, GB

SUBJECT: U.S. UTILITY PURCHASE OF NATURAL URANIUM FROM  
URANEX

1. SOME TIME AGO, IN 1973, CAROLINA POWER AND LIGHT (CP&L) ENTERED INTO CONTRACT WITH URANEX TO PURCHASE A LARGE AMOUNT OF NATURAL URANIUM IN FORM OF YELLO-CAKE. INITIAL DELIVERIES ARE SCHEDULED FOR JANUARY 1977. AT TIME OF CONTRACTING, WHICH PREDATES "ENERGY CRISIS," CP&L BELIEVED THAT YELLOW-CAKE INVOLVED PROBABLY WOULD COME FROM DOMESTIC FRENCH DEPOSITS, ALTHOUGH THE POSSIBILITY OF GABON OR NIGER ALSO WAS MENTIONED.

2. URANEX NOW IS ASKING MAJOR INCREASE IN PRICE OF  
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YELLOW-CAKE, CONTENDING THAT IT WILL HAVE TO COME FROM

NIGER OR GABON AND THAT UNDER URANIUM DEVELOPMENT CONTRACTS WITH THESE COUNTRIES; IT IS BEING FORCED TO PAY MUCH HIGHER PRICES THAN ANTICIPATED AT TIME CP&L CONTRACT SIGNED. CP&L DOES NOT BELIEVE THE PRICE INCREASE BEING PROPOSED IS JUSTIFIED UNDER TERMS OF THIS CONTRACT. URANEX HAS INDICATED THAT WHILE THERE IS NO FORMAL BAN ON EXPORTS FROM DOMESTIC FRENCH SOURCES -- WIC; PRICES ARE WITHIN URANEX'S CONTROL -- THERE IS A DE FACTO EMBARGO IN THAT

NO EXPORT LICENSE WOULD BE ISSUED IF ONE WERE APPLIED FOR. URANEX ALSO CITED A DECREE OF DECEMBER 1973 GIVING TWO OF THE MINISTERS THE RIGHT TO CONTROL FRENCH ENERGY RESOURCES AS THE BASIS ON WHICH EXPORT WOULD BE DENIED.

3. FYI - IN CONVERSATIONS WITH CP&L OFFICIAL, IT WAS NOT CLEAR WHAT SORT OF HELP THEY WERE SEEKING FROM USG. THEY OBVIOUSLY ARE CONCERNED AT FRENCH GOVERNMENTAL INVOLVEMENT IN WHICH THEY REGARD AS ESSENTIALLY COMMERCIAL TRANSACTION. (CEA, WHICH OWNS 34 OF URANEX, INDICATES IT IS ACTING IN "COMMERCIAL CAPACITY" IN ITS NEGOTIATIONS WITH CP&L). CP&L DID REQUEST WHETHER WE COULD VERIFY THAT EXPORTS OF NATURAL URANIUM FROM DOMESTIC FRENCH RESERVES ARE, IN FACT, EMBARGOED AND EMBASSY IS REQUESTED TO MAKE DISCREET INQUIRIES ON THIS MATTER. IT WAS OUR IMPRESSION THAT CP&L PROBABLY EXPECTS TO PAY CONSIDERABLY MORE FOR THIS YELLOW-CAKE THAN IT FEELS IS JUSTIFIED UNDER ITS CONTRACT WITH URANEX BUT (A) WOULD LIKE TO LOWER THE PRESENT ASKING PRICE AND (B) WANTS TO CREATE THE BEST POSSIBLE RECORD BEFORE ITS RATE-SETTING REGULATORY BODY FOR PASSING ON THESE INCREASED FUEL CHARGES TO ITS CUSTOMERS. END FYI. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** URANIUM, PROCUREMENT, PUBLIC UTILITIES, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 NOV 1976  
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**Disposition Approved on Date:**  
**Disposition Authority:** cahillha  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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**Status:** NATIVE  
**Subject:** U.S. UTILITY PURCHASE OF NATURAL URANIUM FROM URANEX  
**TAGS:** TECH, GB, US, URANEX, CAROLINA POWER & LIGHT  
**To:** NIAMEY LIBREVILLE  
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